

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 566 - HB 676

March 29, 2021

SUMMARY OF ORIGINAL BILL: Removes certain homestead exemption limitations and instead limits the exemption to a single parcel of land not to exceed five acres in the area. Increases, from not to exceed \$5,000 to the total value of the homestead, the homestead exemption which can be claimed on insurance proceeds gained from a homestead being destroyed by fire.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005816): Deletes and rewrites all language after the enacting clause. Effective January 1, 2022, increases various levels of homestead exemptions which may be claimed by various property owners. Deletes homestead exemptions which may be claimed by certain property owners.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Tennessee Code Annotated § 26-2-301 provides certain individuals a homestead exemption upon real property which is owned by the individual and used as their primary place of residence.
- The proposed language increases the following homestead exemptions:
 - An individual owning property: increases from \$5,000 to \$35,000;
 - Individuals owning property jointly and claiming jointly: increases from \$7,500 to \$52,500; and
 - The amount of surplus which is exempt and provided to a surviving spouse or minor children from the sale of certain real estate: from \$5,000 to \$35,000.
- The proposed language deletes various homestead exemptions which can be claimed in situations where one property owner is 62 years or older, or when the property owner has custody of one or more minor children.
- Any fiscal impact to state government is estimated to be not significant.

- Pursuant to Tenn. Code Ann. § 26-2-306, homestead exemptions do not apply to property tax liens; therefore, the proposed language will not impact property tax collections of local governments.
- It is estimated that the majority of homestead exemptions will be applied to debt between private creditors and property owners.
- Homestead exemptions could potentially apply to fines and fees assessed by a local government; however, the proposed legislation is not expected to result in any significant change in fines and fees which would have otherwise been collected, or will now be collectible, by local governments statewide in instances where a homestead exemption would, or previously did, apply.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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